

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: IOWA NETWORK SERVICES, INC.	DOCKET NO. SPU-03-11
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PROPOSED DECISION AND ORDER

(Issued January 14, 2004)

APPEARANCES

MR. MICHAEL P. JOYNT, attorney at law, Sullivan & Ward, P.C., 801 Grand Avenue, Suite 3500, Des Moines, Iowa 50309-2719, appearing on behalf of Iowa Network Services, Inc.

MS. LAURA L. COLLIER, Regulatory Manager, OneStar Long Distance, Inc., 7100 Eagle Crest Boulevard, Evansville, Indiana 47715-8152, appearing pro se on behalf of OneStar Long Distance, Inc.

MS. ALICE HYDE, attorney at law, 310 Maple Street, Des Moines, Iowa 50319-0063, appearing on behalf of the Consumer Advocate Division of the Department of Justice.

STATEMENT OF THE CASE

On July 7, 2003, Iowa Network Services, Inc. (INS), filed a request for immediate disconnection of OneStar Long Distance, Inc. (OneStar). OneStar purchases originating interstate and intrastate centralized equal access services from INS to provide service to its own customers.

INS alleged that as of July 7, 2003, OneStar owed INS for billings equivalent to three and one-half months of service. It further alleged that in February 2003, OneStar entered into a payment arrangement with INS and was now in default of this

payment arrangement. INS alleged that it repeatedly requested payment from OneStar and these requests remained unanswered. INS also alleged that on July 7, 2003, it delivered a demand for immediate payment and deposit demand to OneStar and that neither the requested delinquent amount nor the requested deposit had been paid. INS provided a notice of termination to OneStar in the demand letter.

INS requested permission from the Board to disconnect OneStar pursuant to Iowa Code § 476.20 (2003) and its tariff. INS further requested the Board to issue an expedited order confirming that INS had basis to reasonably believe that the prospect of due and punctual payment for the services of INS was impaired and that INS had provided sufficient notice of its demand for deposit and intent to disconnect access services upon nonpayment of the deposit. INS requested the Board to issue an expedited order authorizing INS to discontinue access service to OneStar after July 13, 2003.

On July 16, 2003, the Board issued an order in which it found that INS had provided sufficient information so that an immediate hearing should be set, assigned the case to the undersigned administrative law judge, and set the hearing for July 24, 2003. A link to the Board's orders is on the Board's website at www.state.ia.us/iub. OneStar was not served with the notice of hearing, so the hearing was rescheduled to July 31, 2003.

On July 30, 2003, a conference call with the parties was held in which OneStar and INS stated they had reached an agreement to settle the case. In an order issued

July 31, 2003, the hearing was cancelled, the parties were ordered to submit a written settlement agreement for approval, and OneStar was ordered to file a current list of its Iowa customers.

On August 5, 2003, INS filed the following exhibits: a negotiated payment arrangement between INS and OneStar, a notice INS would fax to its participating telephone companies should a disconnection take place, and a message INS would provide to OneStar customers attempting to make a call if OneStar were disconnected. INS stated it was submitting the payment arrangement as the settlement agreement. On August 8, 2003, OneStar filed a list of its Iowa customers and a request to hold the list confidential. In their respective filings, INS and OneStar stated that OneStar submitted a payment to INS on July 31, 2003, covering all past due invoices.

In an order issued August 21, 2003, the payment arrangement was approved as the settlement of this matter between the parties. The proposed notification to customers was not approved.

At INS' request, the docket was held open for a period of six months from the date of issuance of the order to permit INS to seek an expedited hearing or other appropriate relief if the payment arrangement were broken or future payments within the six-month period were not made on a timely basis.

On December 3, 2003, INS filed a second request for immediate disconnection of services to OneStar. In its request, INS alleged that on

November 20, 2003, OneStar failed to remit payment for centralized equal access charges in the amount of \$2,243.32, and that the billing was past due. It further alleged that the next payment for access charges was due on December 5, 2003, in the amount of \$1,792.82. INS also alleged OneStar failed to pay the November Integrated Services User Part (ISUP) charge of \$100, which was due on December 1, 2003. INS further alleged it had contacted OneStar regarding the missed payment, and the only information OneStar provided to INS was that INS would receive a letter in the next few weeks regarding past due invoices. INS further alleged that although access traffic to OneStar's switches had decreased, traffic continues and access charges continue to be billed. INS further alleged that on November 26, 2003, OneStar notified INS that OneStar was "decommissioning switches all over" and that "OneStar would be ordering disconnects for the remaining DS1 and DS3 circuits that are with INS and that OneStar was changing the direction of the company."

INS requested permission to disconnect OneStar pursuant to Iowa Code § 476.20(1). It requested that the Board issue an expedited order confirming that INS has a basis to reasonably believe that the prospect of due and punctual payment for services of INS is impaired and that prior payment arrangements have been broken by OneStar. It further requested an expedited order that, pursuant to its tariff and in compliance with Iowa law, INS is authorized to discontinue access service to

OneStar by removal of the Carrier Identification Codes (CIC) assigned to OneStar from INS switches, upon issuance of a Board order.

On December 8, 2003, the undersigned issued a notice of hearing setting the hearing for December 17, 2003. INS was ordered to file proof that it served the request for immediate disconnection on OneStar and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) and to file a proposed plan for notification of OneStar's remaining Iowa customers if INS were allowed to immediately disconnect OneStar as requested. OneStar was ordered to file an updated current list of its Iowa customers and written notification as to whether it plans to continue to serve Iowa customers as a telecommunications service provider.

OneStar filed a request to appear at the hearing by telephone conference call on December 11, 2003. The other parties did not object to this request, and it was granted in an order issued December 12, 2003.

On December 12, 2003, INS filed a letter dated December 9, 2003, addressed to OneStar, in which it demanded payment of \$4,136.14, and notified OneStar that if it did not receive payment prior to December 15, 2003, INS would disconnect OneStar. The filing also included a UPS tracking report and affidavit of Mr. Dennis M. Creveling.

On December 12, 2003, OneStar filed a letter dated December 11, 2003, addressed to INS. In the letter, OneStar stated it enclosed a check in the amount of \$3,916.07 and that it was OneStar's understanding that this amount plus the deposit

amount of \$31,287.55 held by INS for OneStar covered all current and outstanding charges owed by OneStar to INS. OneStar further stated it had made arrangements to stop the flow of traffic over INS' facilities and the arrangements should be finalized by the end of the next week. OneStar further stated it maintained "that the situation which led up to the opening of Docket No. SPU-03-11 with the Iowa Utilities Board has been corrected."

A telephone conference call with all parties present was held on December 15, 2003, to discuss whether the hearing was still necessary. INS stated it was, so the procedural schedule remained in effect.

On December 16, 2003, as required by the notice of hearing, OneStar filed a response, an updated list of its current Iowa customers and a request for confidentiality of the list. In its response, OneStar stated it intended to continue to provide long distance service to its customers located in Iowa.

The hearing in this case was held on December 17, 2003, beginning at 10 a.m., in the Board hearing room, 350 Maple Street, Des Moines, Iowa. OneStar appeared by telephone conference call, and INS and the Consumer Advocate were present in the hearing room. Mr. Jon Hedgecock, credit and collections specialist testified on behalf of INS. Ms. Laura Collier, regulatory manager, testified on behalf of OneStar. INS Exhibits 1 through 9 were admitted.

On December 18, 2003, OneStar filed supplementary information with attached Exhibit A. On December 19, 2003, OneStar filed additional supplementary

information, attached Exhibits A and B, and a request for confidentiality. Also on December 19, 2003, INS filed a statement regarding service of copies of exhibits.

On December 23, 2003, the undersigned issued an order requiring OneStar to refile its supplementary information in the form of a sworn affidavit and providing the opportunity for INS and the Consumer Advocate to file rebuttal evidence.

On December 31, 2003, OneStar re-filed its supplementary information accompanied by sworn affidavits as ordered. INS and the Consumer Advocate did not file rebuttal evidence.

DISCUSSION OF THE EVIDENCE AND ANALYSIS

OneStar is a customer of INS, and has three different accounts with INS. (testimony of Mr. Hedgecock, Tr. 17). OneStar has one account in which it purchases centralized equal access (CEA) service from INS, which is a regulated service. (testimony of Mr. Hedgecock, Tr. 17, 24, 41). OneStar also has two other accounts, in which it purchases nonregulated private-line services from INS. (testimony of Mr. Hedgecock, Tr. 38, 41). OneStar uses INS' CEA service to provide long distance telephone services to its customers. (testimony of Mr. Hedgecock, Tr. 17-18).

On July 7, 2003, INS filed a request with the Board for authority to disconnect CEA service to OneStar for nonpayment. (testimony of Mr. Hedgecock, Tr. 21). As a result of this request, INS and OneStar entered into a payment arrangement in which OneStar agreed to pay all past-due balances, a deposit, and agreed it would pay all

current charges by the due date on a going-forward basis. (testimony of Mr. Hedgecock, Tr. 21-22; Exhibit 2). As a part of this payment arrangement, OneStar paid a deposit to INS of \$31,287.55. (testimony of Mr. Hedgecock, Tr. 27, 30; Exhibit 2). As of the date of the hearing, INS continued to hold this entire deposit amount. (testimony of Mr. Hedgecock, Tr. 48).

On October 2, 2003, INS sent an invoice for nonregulated services to OneStar in the amount of \$30,454.75. (testimony of Mr. Hedgecock, Tr. 28; Exhibit 5). The billing number on the invoice was 400-7786. (testimony of Mr. Hedgecock, Tr. 28-29; Exhibit 5). Payment for this invoice was due by October 31, 2003. (Exhibit 5).

On October 21, 2003, INS sent an invoice for regulated CEA service to OneStar in the amount of \$2,243.32. (testimony of Mr. Hedgecock, Tr. 23; Exhibit 3). Payment for this invoice was past due on November 21, 2003. (testimony of Mr. Hedgecock, Tr. 23; Exhibit 3). OneStar failed to make this payment by the due date. (testimony of Mr. Hedgecock, Tr. 23-24).

On November 5, 2003, INS sent an invoice for regulated CEA service to OneStar in the amount of \$1,792.82. (testimony of Mr. Hedgecock, Tr. 23; Exhibit 3). Payment for this invoice was past due on December 6, 2003. (testimony of Mr. Hedgecock, Tr. 23; Exhibit 3). OneStar did not make this payment by the due date. (testimony of Mr. Hedgecock, Tr. 23-24).

At the hearing, when asked why OneStar did not make the \$2,243.32 and \$1,792.82 payments in a timely fashion, Ms. Collier testified that OneStar believed

everything was kept current, minus billing discrepancies in dispute. (testimony of Ms. Collier, Tr. 70-71, 77). However, OneStar did not dispute the \$2,243.32 and \$1,792.82 charges. (testimony of Ms. Collier, Tr. 71-73). Ms. Collier also testified she did not know whether anyone from OneStar communicated to INS that OneStar disputed some of the charges. (testimony of Ms. Collier, Tr. 81-82). Mr. Hedgecock testified that OneStar never told INS it disputed some of the charges, and never contacted INS to resolve any differences. (testimony of Mr. Hedgecock, Tr. 84-85). Mr. Hedgecock testified he left several messages with OneStar that were not returned, and when he finally received a return call from OneStar's Ms. Brigaman, the only information she provided was that INS would receive a letter in the next few weeks regarding past due invoices. (testimony of Mr. Hedgecock, Tr. 85-86). To Mr. Hedgecock's knowledge, no one at INS knows of any billing disputes with OneStar. (testimony of Mr. Hedgecock, Tr. 88).

On December 9, 2003, INS sent OneStar a letter containing a demand for payment and notice of termination. (testimony of Mr. Hedgecock, Tr. 26; Exhibit 4). The amount demanded was \$4,136.14. (Exhibit 4). This amount included the \$2,243.32 payment that was past due on November 21, 2003, the \$1,792.82 payment that was past due on December 6, 2003, and a \$100 charge for nonregulated services that was due on December 1, 2003. (testimony of Mr. Hedgecock, Tr. 47-48, 54; Exhibit 3). In the letter, INS stated that if INS did not receive payment prior to December 15, 2003, the letter served as notice of

disconnection. (Exhibit 4) OneStar received the letter on December 10, 2003. (testimony of Mr. Hedgecock, Tr. 26-27; Exhibit 4).

On December 11, 2003, OneStar sent a letter signed by Ms. Collier to INS enclosing a check dated December 10, 2003, for \$3,916.07. (testimony of Ms. Collier, Tr. 59; Exhibits 5, 9). The check from OneStar contains the following notations: "Date 10/02/03," "Document Description 4007786 – 100203," and "Memo 400786." (Exhibit 5). These notations match the date and billing number on the October 2, 2003, invoice for nonregulated services. (testimony of Mr. Hedgecock, Tr. 28-29; Exhibit 5). In the December 11th letter, OneStar stated the following. "Enclosed please find a check from OneStar Long Distance, Inc. ("OneStar") for the amount of \$3,916.07. It is OneStar's understanding that this amount plus the deposit amount of \$31,287.55 Iowa Network Services, Inc. ("INS") currently holds for OneStar covers all current and outstanding charges owed by OneStar to INS. In addition, OneStar has made arrangements to stop the flow of its traffic over INS' facilities. Said arrangements are near completion and should be finalized by the end of next week. Thus, OneStar expects to incur few, if any, additional access charges in regard to the use of INS' facilities. Taking into account the above, OneStar maintains that the situation which led up to the opening of Docket No. SPU-03-11 with the Iowa Utilities Board has been corrected." (Exhibit 9)

Ms. Collier testified that when OneStar sent the \$3,916.07 payment, which INS received December 12, 2003, it was OneStar's intent to make payment for any

charges that led up to INS reopening this docket, including the regulated CEA charges. (testimony of Ms. Collier, Tr. 59, 65, 82-83). She testified this was stated in the third paragraph of the letter, and OneStar is unsure why INS did not apply the payment to the access charges. (testimony of Ms. Collier, Tr. 59; Exhibit 9). Ms. Collier also testified that if there were any other charges due, OneStar asked in the letter that its deposit be applied to those charges. (testimony of Ms. Collier, Tr. 59; Exhibit 9). Therefore, OneStar regards the bill for \$4,136.14 as paid. (testimony of Ms. Collier, Tr. 59-60, 72; Exhibit 9).

Ms. Collier testified that at the time the check for \$3,916.07 was sent, OneStar believed it to be the amount due, rather than the \$4,136.14 billed by INS. (testimony of Ms. Collier, Tr. 73). She did not know how the amount was calculated, other than that the accounting group "referred to their billing and payment records, and that was the amount that they came up with." (testimony of Ms. Collier, Tr. 73-74). Ms. Collier further testified that OneStar would work with INS to "come to a better understanding of what amounts are owed." (testimony of Ms. Collier, Tr. 60). She testified that at the time it sent the check, it was OneStar's belief that the amount of the check sent, in addition to the deposit held by INS, would cover any regulated and nonregulated amounts currently due or overdue. (testimony of Ms. Collier, Tr. 74-75).

At the hearing, Mr. Hedgecock testified that INS applied the \$3,916.07 payment to the invoice for nonregulated services, rather than the \$4,136.14 demanded for regulated services. (testimony of Mr. Hedgecock, Tr. 28-29, 41-42).

INS applied the payment based on the notations on the OneStar check that matched the October 2, 2003, bill for nonregulated services. (testimony of Mr. Hedgecock, Tr. 28-29, 41-42). Mr. Hedgecock also testified that, according to INS' tariff page 57, section 2.4.1(A), INS cannot apply the deposit held for OneStar until service to OneStar is terminated or INS has held the deposit for one year. (testimony of Mr. Hedgecock, Tr. 30-31; Exhibit 6). Therefore, INS still regards the \$4,136.14 bill as unpaid. (testimony of Mr. Hedgecock, Tr. 30-31, 47-49; Exhibits 5, 6). This amount does not include billings for CEA services due on December 20, 2003 (\$992.64), and January 3, 2004 (\$105.42). (testimony of Mr. Hedgecock, Tr. 45-47, 53-54). In addition, INS disputes OneStar's assertion that the \$3,916.07 payment plus the deposit held by INS is sufficient to cover all current and outstanding charges owed by OneStar to INS for regulated and nonregulated services. (testimony of Mr. Hedgecock, Tr. 49).

Ms. Collier testified OneStar was unaware that INS could not access the OneStar deposit until it had been held for one year or service to OneStar was terminated. (testimony of Ms. Collier, Tr. 64-65).

Given the history of these two parties, it is reasonable for INS to believe it will not receive payment for regulated CEA services from OneStar on a timely basis. (testimony of Mr. Hedgecock, Ms. Collier; Exhibits 2, 3, 4, 5). The current request for termination for nonpayment of CEA services by OneStar is the second filed by INS in six months. The charges at issue in this case are those for regulated CEA services,

although it is clear that the combination of regulated and nonregulated accounts caused confusion regarding application of the payment made by OneStar. However, regardless of whether OneStar intended the \$3,916.07 payment to be applied to charges for regulated CEA service, and regardless of whether the amount of the payment was correct from OneStar's perspective, it did not pay the two invoices for CEA service by the due dates. Furthermore, it did not make the payment until after INS had repeatedly contacted OneStar by telephone, filed a second request for immediate disconnection with the Board, and sent a written demand for payment threatening termination. Under the circumstances, INS's belief that it will not be paid for CEA services in a timely fashion by OneStar is reasonable.

Iowa Code § 476.20(1) (2003) states that a "utility shall not, except in cases of emergency, discontinue, reduce, or impair service to a community, or a part of a community, except for nonpayment of account or violation of rules and regulations, unless and until permission to do so is obtained from the board." According to INS' tariff, INS may disconnect service for nonpayment of a bill provided that INS "has made a reasonable attempt to effect collection" and has provided the customer with five days' prior written notice. (Exhibit 1). INS provided such notice to OneStar in its December 9, 2003 letter. (Exhibit 4). Given that OneStar's check contained the notations referring to the invoice for nonregulated services, and the amount did not match that demanded in the letter, it was reasonable for INS to apply the payment to

the amount due for nonregulated services. (testimony of Mr. Hedgecock, Tr. 28-29, 41-42; Exhibit 5).

At the hearing, INS continued its request that the Board authorize INS to discontinue CEA service to OneStar. (testimony of Mr. Hedgecock, Tr. 51). As of July 2003, OneStar served 2967 interLATA and 2969 intraLATA customers through INS facilities. (testimony of Mr. Hedgecock, Tr. 18-19). As of December 16, 2003, OneStar served 413 interLATA and 428 intraLATA customers in Iowa through INS facilities. (testimony of Mr. Hedgecock, Tr. 18). With respect to other nonregulated services, Mr. Hedgecock testified OneStar was in the process of disconnecting most, if not all, of the circuits that it has with INS. (testimony of Mr. Hedgecock, Tr. 38-39). However, as of the date of the hearing, INS had not received a request from OneStar that INS discontinue CEA service to OneStar. (testimony of Mr. Hedgecock, Tr. 52-53). INS agrees that the OneStar traffic flowing over INS facilities is slowing, but as of the INS bill dated December 3, 2003, OneStar continued to have some traffic using INS facilities. (testimony of Mr. Hedgecock, Tr. 49-50). As of December 16, 2003, there continued to be OneStar customers using INS facilities, so OneStar continued to have the ability to incur charges with INS. (testimony of Mr. Hedgecock, Tr. 51). INS continues to request the ability to immediately disconnect OneStar because INS has no basis to believe that it will be paid for the bills already sent and for bills that may be sent in the future. (testimony of Mr. Hedgecock, Tr. 51).

If INS is authorized to discontinue CEA service to OneStar, OneStar's long distance customers using INS facilities would be without long distance service. (testimony of Mr. Hedgecock, Tr. 32, 40). However, although he was not certain, Mr. Hedgecock testified those customers would probably be able to receive long distance calls. (testimony of Mr. Hedgecock, Tr. 40, 56-57). INS does not know the identity of OneStar's Iowa customers who use INS facilities. (testimony of Mr. Hedgecock, tr. 32-33). Therefore, if INS is allowed to terminate CEA service to OneStar, it cannot directly notify OneStar's affected customers. (testimony of Mr. Hedgecock, Tr. 33, 38). INS therefore proposes a two-step process to attempt to alert affected customers and provide assistance to them. (testimony of Mr. Hedgecock, Tr. 33-38) INS would insert the following message in its system: "We're sorry, the number you are calling from has not chosen a long distance carrier. Please contact your telephone company for assistance." (testimony of Mr. Hedgecock, Tr. 35-37; Exhibit 8). Affected customers would hear the message when they attempted to make a long distance call. (testimony of Mr. Hedgecock, Tr. 35, 40-41). INS would also send notice of the disconnection to the local exchange carriers that INS serves. (testimony of Mr. Hedgecock, Tr. 33-35, 45). The notice would be an updated version of Exhibit 7, which would provide information to the local telephone companies so they could assist affected customers when they called. (testimony of Mr. Hedgecock, Tr. 34-35, 45; Exhibit 7).

Ms. Collier testified that OneStar is making arrangements to stop using the INS network system, and OneStar expects to complete the arrangements by December 19, 2003. (testimony of Ms. Collier, Tr. 59, 61-63, 75-76, 79). At the hearing, Ms. Collier did not know how many customers OneStar served in Iowa through INS, but agreed to file a current list after the hearing. (testimony of Ms. Collier, Tr. 68-69). OneStar intends to continue to provide long distance service to its Iowa customers by using other underlying carriers so that OneStar will no longer be a customer of INS. (testimony of Ms. Collier, Tr. 61-62, 76). When the transition to another underlying carrier is complete, OneStar will be a reseller of another carrier's long distance service in Iowa. (testimony of Ms. Collier, Tr. 64). OneStar has no objection to INS discontinuing CEA service to OneStar by removal of the carrier identification codes assigned to OneStar from INS switches once OneStar completes its arrangements to stop using INS's system. (testimony of Ms. Collier, Tr. 76-77).

On December 31, 2003, OneStar filed two sworn statements of Ms. Collier. In the first, she stated that OneStar has made an arrangement that "will allow it to halt the flow of traffic over INS' facilities," that "arrangements have been finalized with INS in that all disconnection requests have been made," that INS has "acknowledged these requests and offered firm order commitment dates of when they will process the disconnections," and that "the latest firm order commitment date is December 29, 2003." (December 31, 2003, sworn statement filed by OneStar). On December 19, 2003, as a confidential filing, OneStar filed a list of its current Iowa customers who

use INS carriers as their local service provider. The list contains approximately 630 customers. In the second December 31, 2003, sworn statement, Ms. Collier stated it was "OneStar's belief that the customers appearing on this list no longer carry the OneStar preferred carrier code and that these customers have been moved to the preferred carrier code of one of OneStar's underlying carriers." (December 31, 2003, sworn statement filed by OneStar).

INS and the Consumer Advocate did not file evidence rebutting these statements.

INS requests an order allowing it to discontinue CEA service to OneStar by removal of the carrier identification codes assigned to OneStar from INS switches. It appears from the sworn statements filed by OneStar on December 31, 2003, that the request to discontinue CEA service may no longer be needed. Since this is not known for certain, if INS believes that there are OneStar customers in Iowa who continue to use INS facilities and it is still necessary to discontinue CEA service to OneStar, it may do so as requested. If it chooses to discontinue CEA service to OneStar, and there are OneStar Iowa customers who continue to use INS facilities, INS must implement the two-step plan for notification to OneStar's affected customers as discussed above. Although not a perfect solution, the two-step process is reasonable given that INS does not know the identity of OneStar's affected customers and that there are a limited number of affected customers.

FINDINGS OF FACT

1. OneStar has not paid INS for regulated CEA services on a timely basis on numerous occasions. (testimony of Mr. Hedgecock, Ms. Collier; Exhibits 2, 3, 4, 5). Given the history of these two parties as discussed above, it is reasonable for INS to believe it will not receive payment for regulated CEA services from OneStar on a timely basis. (testimony of Mr. Hedgecock, Ms. Collier; Exhibits 2, 3, 4, 5).

2. INS has followed the requirements of its tariff that allows it to disconnect a customer for nonpayment. (testimony of Mr. Hedgecock, Ms. Collier; Exhibit 1).

3. INS cannot access OneStar's deposit until it terminates service to OneStar or has held the deposit for one year. (testimony of Mr. Hedgecock; Exhibit 6).

4. OneStar traffic over INS facilities has slowed, and may be nonexistent as of the date of this proposed decision. (testimony of Mr. Hedgecock, Ms. Collier; December 31, 2003, sworn statements filed by OneStar).

5. INS does not know the identity of OneStar's customers who use INS facilities, and therefore, cannot directly notify those customers if INS is allowed to terminate CEA services to OneStar. (testimony of Mr. Hedgecock, Tr. 32-33, 38). INS can insert a message in its system so that affected OneStar customers, if any remain, would receive the message discussed above. (testimony of Mr. Hedgecock, Tr. 35-37; Exhibit 8). INS also could provide notice as discussed above to the local

exchange carriers INS serves. (testimony of Mr. Hedgecock, Tr. 33-35, 43-44; Exhibit 7). Given that INS does not know the identity of the affected customers, and that there are a limited number of affected customers, INS' proposal for customer notification is reasonable. (testimony of Mr. Hedgecock, Tr. 32-38, 43-44; Exhibits 7, 8).

CONCLUSIONS OF LAW

1. Iowa Code § 476.20(1) provides that that a "utility shall not, except in cases of emergency, discontinue, reduce, or impair service to a community, or a part of a community, except for nonpayment of account or violation of rules and regulations, unless and until permission to do so is obtained from the board."

2. INS tariff page 31, section 2.1.8(D) provides that service to a customer may be disconnected for nonpayment provided that INS has made a reasonable attempt to effect collection and has provided the customer with written notice.

3. INS tariff page 57, section 2.4.1(A) provides that when service to a customer is terminated, the amount of the customer's deposit will be credited to the customer's account and any credit balance will be refunded.

4. OneStar has not paid INS for CEA services on a timely basis on numerous occasions. INS has made reasonable attempts to collect the amounts owed and has provided OneStar with written notice as required by the tariff. Therefore INS may discontinue CEA service to OneStar pursuant to Iowa Code § 476.20(1) and INS tariff page 31, section 2.1.8(D).

IT IS THEREFORE ORDERED:

1. If INS believes there are OneStar customers in Iowa who continue to use INS facilities and it is still necessary to discontinue CEA service to OneStar, it may discontinue CEA service to OneStar by removal of the carrier identification codes assigned to OneStar from INS switches as requested.

2. If it chooses to discontinue CEA service to OneStar and there are OneStar Iowa customers who continue to use INS facilities, INS must implement the two-step plan for notification to OneStar's affected customers discussed above. The updated notification to the local exchange carriers that INS serves must provide them with sufficient information so they may inform and assist any affected customers.

UTILITIES BOARD

/s/ Amy L. Christensen
Amy L. Christensen
Administrative Law Judge

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 14th day of January, 2004.